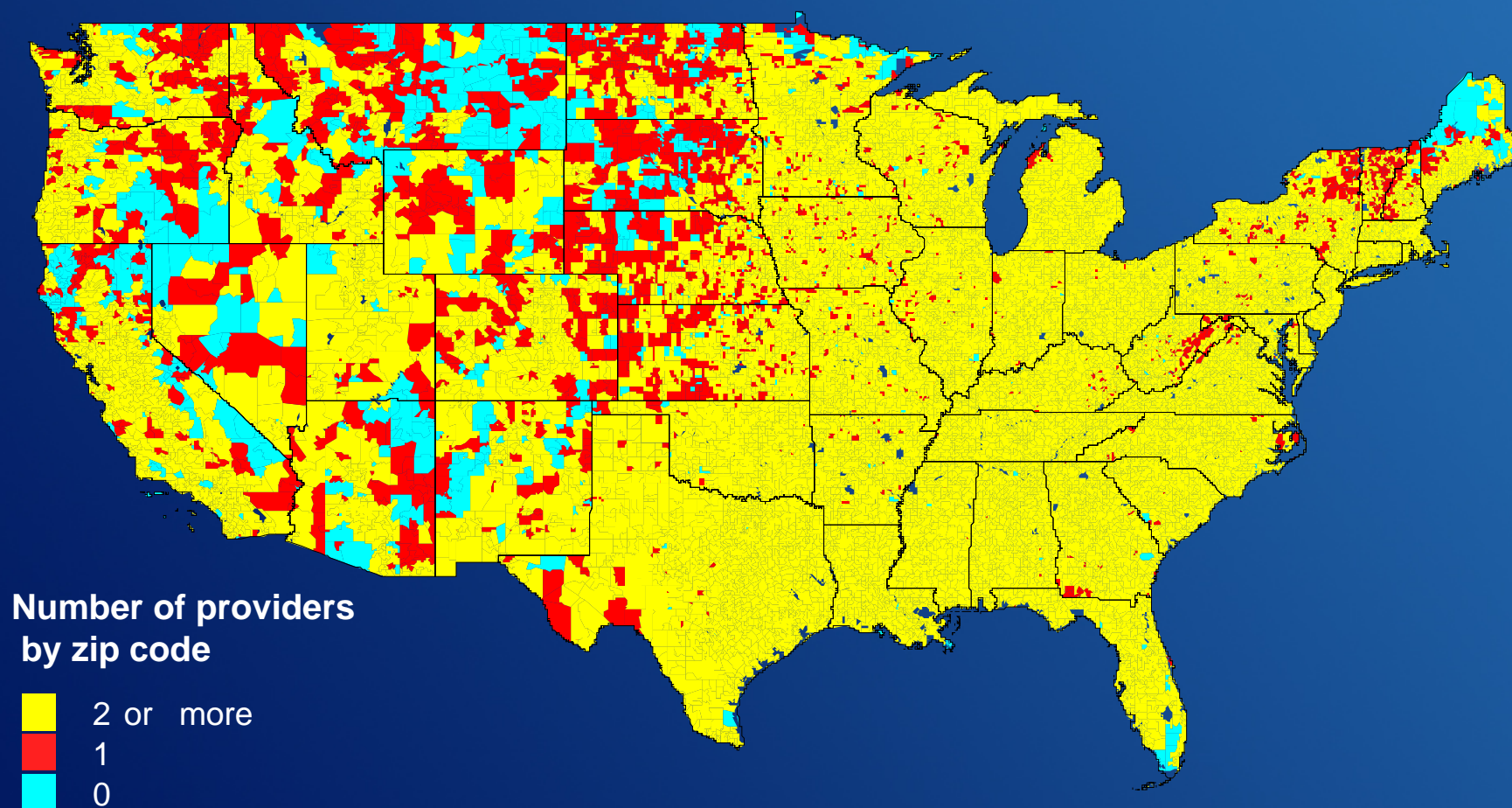


Advising the Congress on Medicare issues

Assessment of payment adequacy: home health

Evan Christman
December 7, 2007

Service areas of home health agencies, 2006



Number of home health agencies

	2002	2003	2004	2005	2006	<u>Growth (percent)</u> 2002-2006
Number of Agencies	6,878	7,223	7,710	8,218	8,880	6.1%
Agencies per 10,000 FFS beneficiaries	1.9	2.0	2.1	2.2	2.4	4.2%

Source: PDQ survey and certification database

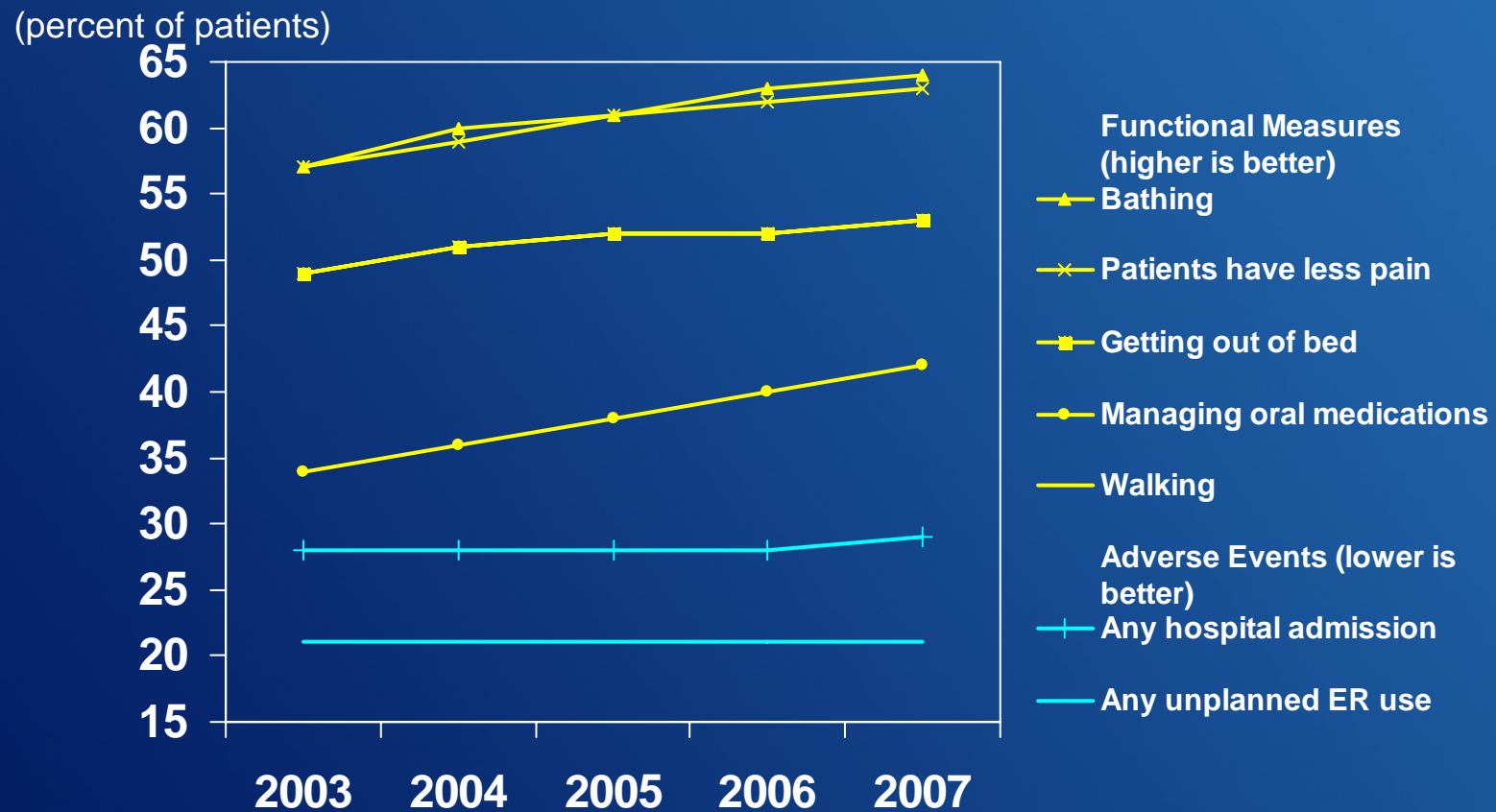
- Number of HHAs is below 1997 peak, but still increasing
- Most new agencies are for-profit
- Concentrated in certain states
- Growth appears to be lower in 2007

Volume of services is increasing

	2002	2005	2006	<u>Percent Change</u>	
				2002-2005	2005-2006
Users per 100 FFS beneficiaries	7.1	8.0	8.1	3.9%	2.1%
Episodes (millions)	4.1	5.0	5.1	7.9%	1.7%
Episodes per user	1.62	1.73	1.76	2.2%	2.0%

Source: Home health standard analytic file

Quality of care



Source: Home health compare

Adjusting payment to account for changes in coding practice

- Home health CMI increased by about 13 percent in 2000-2005
 - 90 percent of increase in CMI – 11.8 percent – due to changes in coding practice, not patient severity
- Base rates reduced in 2008-2011:
 - 2008-2010: -2.75 percent (each year)
 - 2011: -2.71 percent

Future Steps

- Analysis of cost factors used in the new HHRGs
- Comparison of therapy/non-therapy case mix